

Boys & Girls Club of Chaffee County (BGCCC)
Minutes of the Finance Committee
October 19, 2022

Attendees: Board Chairperson Duncan Campbell, Finance Committee Chair Jan Schmidt, Committee Members Gloria Broudy, Irv Broudy, JoAnn Guattery, Kristen Hussey, Chas Weaver and Staff Members Brian Beaulieu and Austin Taylor.

1. Greetings / Call to Order

The meeting was held at the Salida club and started at approximately 1:00 pm.

2. Approval of Minutes from August meeting

Gloria made a motion to approve the minutes and Duncan seconded the motion. Minutes were unanimously approved. (There was no September meeting of the finance committee.)

3. Buena Vista Facilities Update (Dustin Nichols)

Board member and facilities chairperson Dustin Nichols attended the meeting to answer questions about timing and funding that arose during the August meeting and to request the finance committee's approval of the selection of Lou Galletta for architectural services following a competitive selection process.

Discussion took place regarding several aspects of the project, such as the amount of the Town's financial contribution, priority projects, budget timeline and process for requesting funds; the proposed land-lease and timing to execute the draft agreement currently being reviewed; plans for a groundbreaking at the end of 2023 and the estimated 18-month construction period.

Contingency planning is a significant concern of the committee if full funding has not been raised before starting construction. Dustin said a shortfall in funding could be addressed by phasing the project, scaling back certain aspects of the building, and/or obtaining a bank loan. A rough estimate for annual debt service of \$100k per \$1 million financed was calculated at current interest rates. The operating surplus last year was just over \$100k, so the ability to cover a large loan may not be possible within the current operating budget. Jan said she did not think groundbreaking should take place unless all the finances needed for a functioning building have been secured.

With respect to the selection process for the architect, Dustin said Lou Galletta had laid out the best process, was the lowest bid and expressed a willingness to work with the BGCCC's owners rep. Total estimated design fees were \$387,610 with an additional \$129,000 for LEED gold certification (not recommended).

Timing of expenditures was also discussed for cash flow planning. Based on the recommendation of the investment committee, capital campaign funds are being invested in treasury instruments and laddered CDs to generate interest on the money; however, the duration for such investments has not been clear because the project timing was not known. Dustin was reassured that any invested funds are in low-risk interest-bearing instruments; the investment policy does not allow this money to be invested in mutual funds or other securities. Other cash outflows expected prior to breaking ground include some engineering costs and the monthly retainer (approved later) for Abe Hachman. So, most of the capital campaign funds are available to invest for one year.

Duncan made a motion to approve the selection of Lou Galletta as the architect (phase two through construction) and engage in contract negotiations to bring an agreement back for approval. Jo Ann seconded the motion and it was approved unanimously.

4. September Financials compared to Budget

Austin provided highlights of the financial statements for the month of September 2022. Expenses exceeded revenue for ongoing operations by \$57,081. BV Capital Campaign revenue was \$263,940 for the year-to-date. See Austin's financial highlights memo for more information.

Funds raised at the Gala exceeded the budget and Brian recently learned of a \$114k federal grant awarded for the period October 22 – September 23 (the largest federal grant ever).

5. Capital Campaign Reports

- Salida close-out – Bids were received for completion of the performance room (see award of contract below); two pledges will be written off as uncollectible (and a reserve booked as of the June 30, 2022 year end).
- Buena Vista fundraising & cost estimates – Austin is not including this report on the shared Google drive for confidentiality purposes, but he is tracking all contributions

6. Gala Update

Over \$40,000 was raised at the event (as discussed during the financial report). Duncan provided more detail about the actual event that was very successful all around (well attended, entertaining, funds raised exceeded expectation).

7. Quarterly Burn Rate

Austin spoke to the report he generated that showed total cash generated and expended. Cash flow is positive.

8. Audit update

Austin said the audit went very well. He said working with a new audit firm was a lot more work, but he was very happy with the new firm. He also said that the former auditor, Lyman Hamblin, was very helpful in the transition and provided all the requested information in a timely manner. A draft of the year end financial statements is expected by the end of next week. Kristin asked if the Form 990 would be delivered at the same time and Austin said it would come later.

9. Financial Acumen Training by BGCA (follow up from board assessment)

Jan and Duncan briefly updated the committee about the action item generated from the recent board assessment. They have a meeting scheduled next Thursday with Lauren Hackney of BGCA to plan the training session.

10. Policies & Procedures Update

Discussion was continued in the interest of time. All committee members were asked to review the updated drafts that Austin emailed out and provide comments. The policy document will be taken to the board for approval when updates are finished. The procedure document will be approved by the Finance Committee.

11. Finance Department update

Austin provided an update about implementation of a process for booking an allowance for doubtful accounts. He said that of the various accepted methods, he felt that a specific identification was most appropriate for BGCCC. An allowance for two pledges totaling \$13,067 will be included in the June financial statements and he will write off those amounts this month.

12. Updates / Follow Up / Old Business

- Abe Hachman agreement with scope of work and timeline – information requested during the August committee meeting was passed around by Brian. Following discussion of the value of services provided by Mr. Hachman, Irv made a motion to approve a services agreement and \$1,500 monthly retainer. Gloria seconded the motion. It was approved unanimously.
- Allowance for Doubtful Accounts (methodology, amount) – see agenda item #11 above
- Management of investments – Jan said the investment committee is meeting the following Friday to discuss the proposals received for having professional management of the endowment/quasi-endowment and capital campaign funds. Minutes from August investment committee meeting were included in the meeting materials as an update.
- Key Metrics / Dashboard implementation – Austin said he has implemented this in the monthly financial memo; he will follow up to also add it to the board area of the website.
- Endowment Marketing – Duncan said that Tessa has jumped on this and is working to develop a plan
- Long-range capital needs / upgrades – Brian reported that he is getting another roofing repair estimate; the bids he currently has are for \$1,200 and \$5,000, which is a large difference. The estimate for a total replacement is \$30k to \$40k but he said this would not be necessary. (Currently a reserve for all ongoing Salida capital improvements of \$30k is on the books.)
- Approval of a bid for performance room project – Brian said he received a total of five bids, three of which were from First Street Flooring. Gloria made a motion to accept the low bid from First Street Flooring, which Brian recommended. Duncan seconded the motion and it was approved unanimously.
- Staffing shortage – Brian brought up this topic and said it is an issue that is not going away anytime soon. Duncan reminded him of the suggestion from Amy Dennis to pursue internships through CMC.

13. Wrap Up / Next Meetings

During the meeting, Irv had requested that all meeting materials be distributed together as opposed to multiple emails from different people. Jan suggested creating a single pdf with links to each document embedded. A license for a professional version of Adobe would need to be purchased. Austin said he would check pricing through techsoup where nonprofits can obtain discounted software. At a minimum, Jan and Austin will coordinate sending all materials in a single email and add them to the shared google drive in advance of the meeting. Whenever possible, the committee would like to have materials to review the weekend before the meeting.

Jan asked if there were conflicts with the regularly scheduled meetings on the third Wednesday of each month from 1:00 to 2:30 other than in the month of December when the meeting will be moved to the second Wednesday. There was some discussion of committee members who will be in Mexico for part of the winter / early spring, but the same schedule will remain in place for 2023.

The next meeting will be Wednesday, November 16 from 1:00 to 2:30. Austin will be gone part of the week before the meeting. Materials will either be provided earlier than usual (if feasible) or on the Monday before the meeting.

The meeting concluded at approximately 3:30pm.